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### The Battle to Control the Cost of Living #3 -- Credit

Broadcast by Ruth Van Deman and Wallace Kadderly in the Department of Agriculture's portion of the National Farm and Home Hour, Friday, December 11, 1942, over stations associated with the Blue Network.

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KADDERLY: Moving along to another subject...some time ago, Ruth, you and I started discussing the very important national program to control the cost of living. Today, I'm ready -- and I judge you are -- to take up installment buying and other kinds of credit.

VAN DEMAN: With the idea of seeing what we can do to protect ourselves against inflation, to keep war production going well, and to keep our country in a sound condition to meet post-war problems.

KADDERLY: Ab-so-tive. But, you know, Ruth, credit is a tricky subject. Used wisely by war producers--not used for speculation--credit helps do the war job. Used unwisely, it can inflate prices and do a lot of damage.

VAN DEMAN: Oh certainly. But all credit is the same in one way: all credit increases our immediate purchasing power, enables us to buy more than we could if we had to use cash entirely. And as a Nation we already have more money to buy with than we have goods to buy.

KADDERLY: Which accounts for the fact that one of the seven points in the cost of living program is "discourage credit and installment buying, encourage the paying off of debts, mortgages and other obligations."

VAN DEMAN: However, many farmers and other war producers have to borrow money in order to produce the things we must have.

KADDERLY: Yes, for example, the Farm Credit Administration recently announced that farmers and stockmen have used a good deal more production credit this year than they did last year. That's an example of using credit to help win the war.

VAN DEMAN: You couldn't say the same about an increase in credit for you or me to buy clothing or food or other consumer goods.

KADDERLY: No.... But fortunately, people are cutting down on installment buying, and they're paying off mortgages faster than they're making the new ones.

VAN DEMAN: I'm glad to hear that. Just where do we stand on installment buying?

KADDERLY: The first six months of this year, consumers cut their installment debt 1 1/2 billion dollars. For the year as a whole they'll probably cut the bill about two and three-quarter billions.

VAN DEMAN: And what about farm mortgages...I know many people feared when the war started that we might have another land boom.

KADDERLY: Well, except right around a few war industrial centers, farm land prices have risen little if any. Action is being taken to prevent inflation of land values. For example, major lenders are making mortgage loans on the basis of normal values rather than on values inflated by wartime prices. The Government is following a definite policy to that effect. At the same time, farmers are paying off the farm mortgage debts at a record rate. I looked up the figures and here are three that carry a lot of meaning: During the year that ended June 30th, farmers paid back the Federal Land Banks and Land Bank Commissioner 238 million dollars. They borrowed under the land bank system only 97 million. Up to the first of October they had put 14 million dollars into the future payment fund--rainy day funds to take care of their mortgages. Six large insurance companies also reported recently that repayments on mortgages far exceeded mortgage loans.

VAN DEMAN: So farmers really are using their increased income to get out of debt. And installment buying is on the downgrade. I'd say those are two hopeful signs that the American people are out to win the battle against inflation.

KADDERLY: Yes...two hopeful signs. But the battle is not won. We'll be in danger of inflation as long as we have more money and credit than we use to buy the simple living essentials, to pay taxes, buy war bonds, and pay debts or otherwise keep money out of competition for non-essentials.

VAN DEMAN: You're right, of course. But I think we're all coming to realize that we can all help in the battle...by conserving everything we have--food, clothing, household goods, tires, cars --by buying only what we absolutely need, by paying our debts and buying war bonds...

KADDERLY: By paying cash...

VAN DEMAN: By putting our support behind rationing and price control. By doing these things we can all help win the battle against inflation and the war against the Axis.

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